

Message Text

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TO USMISSION GENEVA

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INFO AMEMBASSY BUCHAREST

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C O R R E C T E D C O P Y - LAST LINE PARA ONE MISSING

E.O. 11652:N/A

TAGS:GAT, RO

SUBJECT:GATT WP ON ROMANIAN CUSTOMS TARIFF

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REFS: GENEVA 0813 (NOTAL); BUCHAREST 0516; GENEVA 7462;

STATE 26415 (NOTAL); GENEVA 1121

1. SUMMARY. US DELEGATION SHOULD SEEK BILATERAL CONFIRMATION FROM ROMANIANS THAT THEY DO NOT NOW INTEND TO REPLACE IMPORT COMMITMENT UNDER ANNEX B OF ACCESSION PROTOCOL WITH NEGOTIATED TARIFF REDUCTIONS. AT PRELIMINARY MEETING WHICH WE HAVE AGREED WITH ROMANIANS SHOULD BE HELD IN GENEVA, US REPRESENTATIVES SHOULD MAKE CLEAR WE CONTINUE TO BELIEVE ROMANIAN TARIFF NOT COMPARABLE TO THOSE OF WESTERN COUNTRIES, BUT SHOULD BE PREPARED TO COOPERATE IN WORKING OUT MUTUALLY ACCEPTABLE OUTCOME OF WP. US REPRESENTATIVES SHOULD REVIEW APPROACH WITH EC OFFICIALS IN GENEVA AND BRUSSELS. END SUMMARY.

2. US HAS OBTAINED ONE OF TWO PRIMARY OBJECTIVES, A CLEAR MULTILATERAL STATEMENT BY GOR THAT IT INTENDS TO APPLY TARIFF IN NONDISCRIMINATORY MANNER, I.E., TO IMPORTS FROM CEMA COUNTRIES (BUCHAREST 0516, PARA 2). WE ALSO APPEAR TO HAVE IN HAND THE OTHER OBJECTIVES, WHICH IS AT LEAST INDEFINITE POSTPONEMENT OF GOR'S PREVIOUSLY STATED INTENTION TO REPLACE IMPORT COMMITMENT UNDER ANNEX B OF ACCESSION PROTOCOL WITH NEGOTIATED TARIFF REDUCTIONS. AT FORTHCOMING WP MEETING US DELEGATION SHOULD SEEK CONFIRMATION BILATERALLY OF LATTER POINT AND OUTCOME OF WP SHOULD FURTHER CONFIRM THAT ROMANIAN TARIFF IS NOT COMPARABLE TO THOSE OF WESTERN COUNTRIES. WE COULD ACCEPT STATEMENT IN FINAL REPORT OF WP TO EFFECT THAT TARIFF HAS SOME BUT NOT DETERMINING EFFECT ON ROMANIA'S FOREIGN TRADE, SO LONG AS IT IS CLEAR THAT THIS WILL NOT BE CONSTRUED AS ESTABLISHING BASIS FOR NEGOTIATION IN GATT OF BINDINGS AND REDUCTIONS IN DUTIES.

3. WE HAVE ACCEPTED GOR PROPOSAL TO MEET BILATERALLY IN ADVANCE OF WP MEETING; WE SUGGESTED MEETING IN GENEVA SHORTLY BEFORE WP. WHEREAS ROMANIAN CHARGE IONITA IN CALL AT DEPARTMENT FEBRUARY 12 SUGGESTED BILATERAL MEETING BE DEVOTED TO SUBSTANCE -- ROMANIANS SEEMINGLY HOPE STILL TO CONVINCE US THAT THEIR TARIFF FUNCTIONS LIKE THAT OF A MARKET COUNTRY -- WE (SCHMIDT AND LORIMER) EMPHASIZED LIMITED OFFICIAL USE

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CONTINUING FUNDAMENTAL DIFFERENCES ON THIS SCORE AND SAID WE THOUGHT IT WOULD BE MORE PRODUCTIVE TO CONCENTRATE ON SHAPING MUTUALLY SATISFACTORY OUTCOME OF WP'S DELIBERATIONS, TAKING INTO ACCOUNT OUR DIFFERING VIEWS.

4. IN BILATERAL MEETING WITH ROMANIANS, US REPRESENTATIVES SHOULD MAKE CLEAR THAT WE CONTINUE TO BE SYMPATHETIC TO GOR'S INTENTION THROUGH ESTABLISHMENT OF TARIFF TO PROVIDE

A BETTER RELATIONSHIP BETWEEN INTERNAL AND WORLD PRICES. HOWEVER, WE CONTINUE TO BELIEVE THAT THE ROMANIAN TARIFF IS MORE LIMITED IN ITS EFFECTS ON TRADE, THAN THOSE OF WESTERN COUNTRIES, AND THAT UNDER THE ROMANIAN ECONOMIC SYSTEM THERE IS LESS ASSURANCE THAT DECISIONS AFFECTING FOREIGN TRADE ARE NOT INFLUENCED BY NON-ECONOMIC CONSIDERATIONS. IF ROMANIANS WISH TO CONTINUE TO DEBATE ISSUE YOU MAY DRAW ON FOLLOWING LINES OF ARGUMENT:(

-. ROLE OF PLANNING. PLANNING EXERCISES MUCH GREATER INFLUENCE THAN ROMANIANS CONCEDED IN FIRST MEETING OF WP. DECISION-MAKING OF MANAGERS OF ENTERPRISES IS CIRCUMSCRIBED BY PLANNING PRIORITIES, WHICH ARE DETERMINED IN LARGE PART BY CENTRAL AUTHORITIES, TO WHOM TARIFF LEVELS ARE PROBABLY OF LITTLE CONCERN.

B. CONSUMER GOODS. ALTHOUGH GOR HAS EMPHASIZED INDUSTRIAL DEVELOPMENT, DUTIES ON CONSUMER GOODS ARE LOW - 5 TO 15 PERCENT - IN COMPARISON WITH RATES ON MACHINERY AND EQUIPMENT. IF TARIFF LEVELS WERE THE ONLY DETERMINANT, IMPORTED CONSUMER GOODS COULD BE EXPECTED TO BE MORE WIDELY AVAILABLE THAN APPEARS TO BE THE CASE. WE GATHER FROM ROMANIAN OFFICIALS THAT IMPORT AGENCY FOR CONSUMER GOODS TAKES MARKET SURVEYS TO DETERMINE CONSUMER

PREFERENCES. AT BEST THIS IS CONSIDERABLY DIFFERENT FROM SITUATION IN WESTERN COUNTRIES, WHERE CONSUMERS CAN CHOOSE DIRECTLY BETWEEN DOMESTIC AND FOREIGN GOODS.

C. LACK OF INFORMATION. UNDER ROMANIAN ECONOMIC SYSTEM WHAT CONFLICT THERE IS BETWEEN ECONOMIC INTERESTS SEEMS TO BE RESOLVED WITHIN STATE INSTITUTIONS RATHER THAN IN LIMITED OFFICIAL USE

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PUBLIC. THERE IS LESS INFORMATION PUBLICLY AVAILABLE BEARING ON ECONOMIC DECISION-MAKING, AND GREATER SCOPE FOR UNPUBLICIZED REGULATIONS, PROCEDURES, AND ADMINISTRATIVE DISCRETION.

5. US REPRESENTATIVES SHOULD REVIEW APPROACH WITH EC REPRESENTATIVES IN GENEVA AND BRUSSELS AS SOON AS POSSIBLE, AND SHOULD CONSULT WITH EC REPRESENTATIVES THROUGHOUT. WE ARE FULLY IN ACCORD WITH KAWAN'S VIEW (BRUSSELS 0228) THAT ONE OF MOST IMPORTANT QUESTIONS IS EFFECT OF OUTCOME OF WP ON STATE-TRADING COUNTRIES IN THE MTN. YOU SHOULD SEEK INFORMATION ON REASONS FOR POSTPONEMENT OF WP (GENEVA 1121). FYI. PENDING FURTHER CONSULTATIONS ON HILL DURING NEXT WEEK OR SO EC HAS BEEN INFORMED ONLY IN MOST GENERAL TERMS OF TRADE AGREEMENT

NEGOTIATIONS WITH ROMANIANS. END FYI.

6. SUGGEST US DELEGATION KEY THEIR PARTICIPATION IN
WP MEETING TO ROMANIAN RESPONSIVENESS IN WORKING OUT
MUTUALLY ACCEPTABLE FINAL REPORT. KISSINGER

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